



DR. KENNETH KAUNDA
DISTRICT MUNICIPALITY

DC40 – ANNUAL BUDGET
2011/2012

**DR KENNETH KAUNDA DISTRICT MUNICIPALITY 2011/2012 DRAFT BUDGET
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BUDGET SPEECH BY EXECUTIVE MAYOR OF THE DR KENNETH KAUNDA DISTRICT MUNICIPALITY HER WORSHIP CLLR BE MOLOI DELIVERED DURING THE FULL SITTING OF COUNCIL ON TUESDAY 10 MAY 2011 IN THE ORKNEY COUNCIL CHAMBER, 14H00

1. INTRODUCTION

Mr Speaker and Honourable Councillors, it is exactly 17 years ago since the historic inauguration of Dr Nelson Rolihlahla Mandela, Isithwalandwe Seaparankwe as the first democratic and the very first black president of the Republic of South Africa on 10 May 1994 at the Union Building in Tshwane/Pretoria.

On that memorable day, millions of people around the world watched with much fanfare, pomp and ceremony while celebrating what many at the time referred to as a miracle.

Since then, our rainbow nation has grown from its infant stage to what is today a maturing and arguably one of the best democracies in the world today.

Under the capable and visionary leadership of the founding Father of our Nation Nelson Mandela right through to Thabo Mbeki, (Kgalema Motlanthe) and now Msholoz Jacob Gedleyihlekisa Zuma, South Africa has grown in stature from its past negative image as the skunk of the world to being a respected player in global politics.

Under the tried and tested leader of its people - the African National Congress – our country has firmly taken its rightful place among the nations of the world as illustrated in our hosting of major international conferences and summits, sporting and cultural events including the successful hosting of the 2010 FIFA World Soccer Cup and our current second appointment to serve on the UN Security Council to mention just a few milestone.

Surely, all these could not have been possible under apartheid South Africa without the ANC at the helm.

Honourable Councillors, in just eight days from now, the masses of our people - South Africans will go to the polls to elect their public representatives in the fourth local government elections since 1994. As always, we are confident that the results from these elections will reflect the democratic will of the people.

During this ending term of office, the democratic government led by the African National Congress has taken significant steps to take the trajectory of Local Government to a new and a much higher level by 2014 and beyond.

Key among these bold steps is the adoption of the Local Government Turn Around Strategy (LGTAS) by Cabinet in December 2009, a document which has become a blueprint for our forward march as the local government sector.

Dear Colleagues, in 2006 we came into office and pledged to implement a plan to make local government work better for our people, black and white. Three years later, we re-affirmed an earlier people's contract by adopting the theme: **"Working together we can do more"** in further pursuit of our commitment to the Millenium Development Goal of reducing poverty and unemployment by half come 2014.

As we made these commitments, we re-affirmed our resolve to continue building a better life for all our people, a noble commitment we made since our ascension to state power under former President Nelson Mandela.

In the last five years, we have made progress in meeting the basic and developmental needs of the residents of the Dr Kenneth Kaunda District, both in the urban and the rural towns and villages.

As we look back on the work we have carried out in the past term, there is reason to be happy and proud of the improvements we have made. We leave this District Municipal Area a better place than what we found back in 2006.

Despite these massive improvements, the DrKKDM, our four local municipalities and our respective communities still face major challenges such as reducing poverty, more access to better quality basic services, overcoming the terrible legacy of apartheid spatial development, strengthening community participation, and building effective, accountable and clean local government throughout the District.

Comrade Speaker, we are now at the ultimate end of the journey we began in 2006.

Once again and now more relevant than before, we are delighted to quote the words of the great American poet Walt Whitman who in his poem *O Captain! My Captain!* wrote and I quote: **"Our fearful trip is done, the ship has weathered every rack, and the prize we sought is won"**.

The 2011/2012 Medium Term Expenditure Framework Budget we are tabling today allocates resources in a manner that seeks to ensure that we successfully complete our mandate and lay a firm foundation for the realization of the objectives of vision 2015 as further articulated in the local government turnaround strategy of our government which I have alluded to earlier on.

Through this budget, we seek to consolidate the progress we have made in building an even better Kenneth Kaunda District for our residents and future generations. It is also meant to set the right tone in terms of resource allocation for the incoming Council.

2. SOURCES OF REVENUE

The legislation (MFMA) requires that all offices become responsible for the collection of revenue as well as efficiency and effective utilization of those resources.

The Offices of the Municipal Manager and Chief Financial Officer expect such support and reduction (elimination) of irregular or fruitless and wasteful expenditure.

The total amount of Grants and subsidies received of just more than R158.7 million represents 62.4% of the total anticipated revenue from the grant transfer against the 72.1 % of the 2010/2011 financial year.

The bulk of the R158.7 million represent the RSC levy replacement grant to the amount of just more than R127.4 million and Equitable share of R26.2 million of the equitable share is specifically allocated for the uplifting of rural areas.

The transfer from surplus of just more than R77.6 million is due to projects to the amount of R16.1 million that was due to start or start but not complete in the 2010/11 financial year and the balance of R61.5 million is for additional projects and expenditure funded out of accumulated surplus.

Other grants allocated to the Council is the Finance Management Grant (FMG) to the amount of R1million, and the Municipal Systems Improvement Grant (MSIG) to the tune of R1 million. The Finance Management Grant (FMG) is used to finance the salaries and training of interns.

Cash back investments that are prescribed in the MFMA for Councils funds and reserves as well as funds used for bridging operational cost are invested periodically with the recognized financial institutions to limit and reduce the risks.

The interest rates are stable with the repo rate at 5.50%. It is expected that there will be no further rate cuts, and that the Reserve Bank will not increase interest rates before 30 November 2011.

3. OPERATIONAL BUDGET

The total operational budget amount to nearly R170 million compared to the nearly R146 of the adjustment budget for the 2010/2011 financial year. This is an increase of 16.4%.

Details of this increase are as follows:

- Councilors Remuneration increase to R7.7million which is 7.3% of the operating budget.
- The employee related costs amount to nearly R66.8.1million and it is an increase in growth of 19.8% representing 39.3 % of the total operational costs.

The council has budgeted for an annual increase of 9% which should be adequate as an agreement has been reached between South African Local Government Association, SALGA (the employer) and the two unions, i.e. SAMWU and IMATU.

Grants and subsidies paid increase to just more than R 54.4 million, increased with 20.3%. The details of these allocations are set out in the budget document.

Despite the negative effects of the recent global economic meltdown, we continue to invest in infrastructure development as well as raising the service delivery standards of our people through the necessary capital projects.

Honourable Councillors, the allocations we make in this budget will also advance the National and Provincial agenda of cushioning the poor by creating employment opportunities, investing in infrastructure and ensuring fiscal sustainability.

National priorities – doing more with existing resources

In his 2011 State of the Nation Address, President Zuma signaled that government intends to make job creation the centre of our programme during this year.

We welcome his call for all government spheres to prioritise this area in whatever we do. Pursuant to this objective, a number of allocations in our Capital Programme are intended to create or facilitate the creation of job opportunities for the unemployed among our people. Some of these will be short-term jobs while other measures will be intended for sustainable livelihoods, especially in the SMME and Co-operative Sector.

4. CAPITAL EXPENDITURE

Dr Kenneth Kaunda District Municipality has allocated funds for capital projects to its four local municipalities as follows:

- Ventersdorp local municipality – R 17,350 million, part of this funding is from roll-over budgets of 2008/09 and 2009/10 financial year. The bulk of the funding is for the rural areas in Ventersdorp for installation of basic services like water, sanitation, re-gravelling of roads and electrification.

Ventersdorp also received two new solid waste trucks and the district municipality is also currently helping out with the township establishment process (which will enable approximately 1200 households to eventually have their own homes), as well as the legalization of the dumping site.

- Maquassi Hills Local Municipality – R 15,050 million. For the first time, the rural village of Oersonskraal will be receiving sanitation and water in this current financial year.

The electricity problems encountered by the community of Boskuil are being addressed.

Furthermore, the district municipality assisted Maquassi Hills local municipality with 86 yellow bins as part of the drive towards a clean environment programme.

- Tlokwe City Council – R15 million : Matlwang community benefitted from the district municipality in terms of electricity house connections as well as a paved access road which is being incrementally constructed until it links to the N12.

The Baitshoki community received 25 houses in the 2008/09, in the 2010/11 financial year those houses are being electrified with solar energy. This project will serve as a flagship for all the rural areas without electricity in that the community will be able to access basic electricity without the added burden of purchasing prepaid electricity as most of them are indigent.

The community also got a community hall whose lighting will operate on solar energy as well as the water pump. Slowly but surely, our District is part of the Green Revolution and the growing Green Industry in our country and the modern world.

- City of Matlosana – R 28,150 million – Khuma township will get a new 10ML reservoir which is being co-funded by Matlosana (R 7.5million) and Dr KKDM (R 13.5million). This project is aimed at alleviating the water shortage problems in that area.

The district municipality is also funding a storm water project in Kanana circle (R 1.8million) to alleviate water logging problems.

We are also funding a sewer network extension project in the Hartebeesfontein / Tigane area for R 3million.

The Jacaranda rural community will receive a 30m highmast light to increase visibility at night as a measure of reducing crime from outsiders (R 470,000).

The list is not exhaustive, but in addition, the DM is finalizing the youth development projects in Tigane and Tlokwe.

Honourable Councillors, like many other municipalities, the challenge for the DRKKDM is to do more with our existing resource envelope, essentially do more with less. Some of the allocations we make and the intended

projects seek to address both the infrastructural landscape and the human developmental needs of our people.

The Council contributed in this budget R6.3million to the Dr Kenneth Kaunda Economic Agency in order to fund programmes whose aim is to promote economic development in the District that would create job opportunities for our people in the jurisdiction of our district. These allocations are in line with the new government's priority on creating work for the people.

Honourable Speaker, as in the previous budget and in line with our government's focus on Rural Development, this particular Budget sets aside considerable amounts towards this priority area as included in projects under the Department of Infrastructure Development and Planning to address services of basic need in rural areas of our district. This is intended to improve the living conditions of our rural masses by bolstering service delivery and development in these areas in line with the national agenda.

4. CONCLUSION

Mr Speaker, allow me to conclude by expressing my humble and sincere gratitude to the Honourable Councillors in this Chamber. It has been a long, hectic journey since our inauguration in 2006. At times the road has been rocky and bumpy; at times it has been merry and joyful.

Through tense and light moments we have all soldiered on, confident that the mandate bestowed on us was achievable despite the mountain of challenges we were up against.

I want to make particular mention of colleagues from the Caucus of the majority party, the ANC, Mayoral Committee members, our Municipal Officials and our Strategic Partners for their unrelenting support throughout the past term. If one had a choice to come back in the same capacity, I wouldn't temper with such a winning team.

In similar vein, I want to thank the two Opposition Parties represented in this Council for your input into the work of this Council. You have really kept us on our toes through your sharp engagements in the past five years. You have ensured that ours is a vibrant Council in terms of debates and political discourse.

The support and co-operation of our local municipalities, in this case the Maquassie Hills Local Municipality, the Matlosana Local Municipality, the Ventersdorp Local Municipality and last but certainly not the least the Tlokwe Local Municipality.

I cannot leave out the various Sector Departments within our District for partnering us in the noble cause of serving our people during the past five years.

We have opted to shoulder the task of extricating the overwhelming majority of our people from the burden of poverty and create a better life for all. The choice to turn ours into a winning District of Shared Prosperity.

As we table this budget, we are mindful of the massive progress we have made since coming to office. However, since the work of government within a limited term resembles a relay and not a marathon, there is still much more outstanding work to be carried out by the incoming Council. But as I said, we have all laid a good solid foundation on which they will build further.

It is worth noting Honourable Councillors that once again the Budget we are adopting today is being adopted simultaneously with the IDP Review document. This is a major achievement considering the challenges both at the District and Local Municipalities.

Mr Speaker, I now take the singular honor vested on me in line with the Municipal finance Management Act Sections 16, and hereby recommend the 2011/2012 Budget, the very final one of this Council before your honorable-selves for approval.

I thank you

Ke a leboga

Baie Dankie!!

BUDGET RESOLUTIONS

ITEM A.46/05/2011

THE ANNUAL BUDGET 2011/2012

PURPOSE

To place/table before the Municipal Council of the Dr Kenneth Kaunda District Municipality the annual budget of 2011/2012 for adoption and approval

BACKGROUND

Municipal finance Management Act, No. 56 of 2003 (MFMA) has sections which reads as follows:

``16. Annual Budgets

1. The council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. **(at least 30 days before the start of the budgeted financial year – 31 May 2011)**
2. In order for the municipality to comply with subsection(1), the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. **(31 March 2011).**

``21. Budget preparation process

1. The mayor of the municipality must-
 - a) Co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are mutually consistent and credible.

``23. Consultations on tabled budgets

1. When the annual budget has been tabled, the municipal council must consider any views of –
 - (a) The local community; and
 - (b) The National Treasury, the relevant Provincial Treasury or national organs of state or Municipalities which made submissions on the budget.
2. After considering all budget submissions, the Council must give the Mayor an opportunity-
 - (a) To respond to the submissions; and
 - (b) If necessary, to revise the budget and table amendments for consideration by the Council.

THEREFORE RESOLVED: RESOLUTION No. A.46/05/2011

1. That the Dr Kenneth Kaunda District Municipality's annual budget for 2011/2012 is placed before the Municipal Council of Dr Kenneth Kaunda District Municipality for adoption and approval.
2. That the following budget resolution items as listed below (a-d) are adopted and approved by the Dr Kenneth Kaunda District Municipality :
 - a) Total budgeted Sources of revenue to the amount of R 254 224 574.
 - b) Total budgeted Operating expenditure to the amount of R 169 928 374.
 - c) Total budgeted Capital expenditure to the amount of R 84 296 200.
 - d) That the Executive Mayor finalise the prioritisation of projects regarding the 2011/2012 Capital Infrastructure Grants new allocations to Local Municipalities of Tlokwe, Ventersdorp, Matlosana and Maquassi Hills.

Dr KENNETH KAUNDA DISTRICT MUNICIPALITY

2. EXECUTIVE SUMMARY

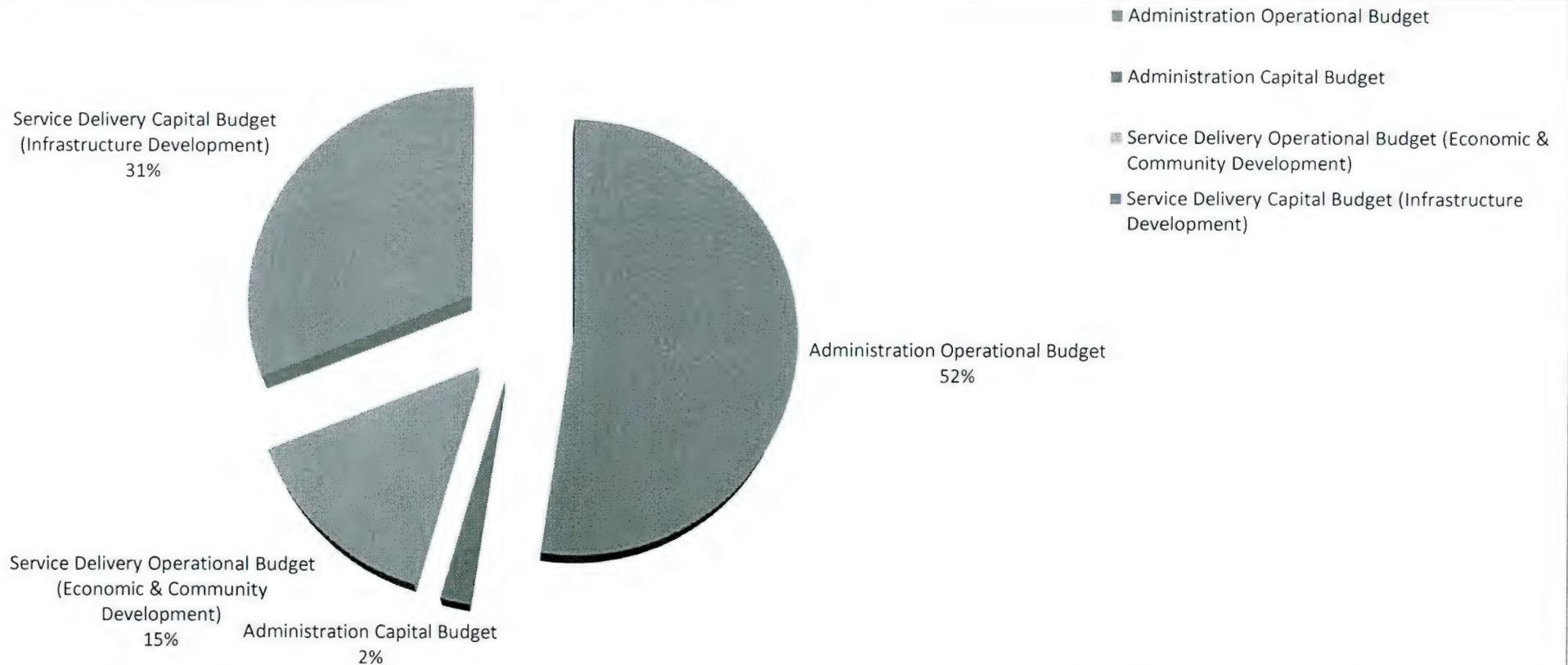
			2009/2010	CURRENT YEAR 2010/2011			MEDIUM TERM REVENUE&EXPENDITURE FRAMW.			
	2007/2008	2008/2009	AUDITED ACTUAL	APPROVED BUDGET	ADJUSTED BUDGET	FORECAST BUDGET	2011/2012 BUDGET	GROWTH	2012/2013 BUDGET	2013/2014 BUDGET
OPERATING EXPENDITURE										
Councilors' Remuneration	5,313,540	5,804,305	5,167,396	7,154,997	7,154,997	6,604,613	7,679,200	7	8,319,133	9,012,394
Employees Related Costs	33,539,915	37,460,767	39,397,040	57,095,600	55,758,320	50,898,191	66,781,850	20	72,347,004	78,375,921
General Expenses	10,676,927	14,787,329	17,706,413	32,477,225	31,773,725	28,781,512	33,123,124	4	35,708,384	38,617,416
Depreciation	1,523,332	2,317,288	85,408	904,100	904,100	775,000	2,805,600	210	2,805,600	2,805,600
Bad Debts	2,674,469	0	0	0	0	0	0	-	0	0
Repairs and Maintenance	291,229	553,053	691,818	2,570,000	2,445,000	2,061,369	2,155,000	-12	2,334,583	2,529,132
Contracted Services	2,735,511	1,653,813	1,703,331	2,775,400	2,755,100	2,594,238	2,970,600	8	3,218,150	3,486,329
Grants and Subsidies Operating	31,795,530	27,257,461	29,996,521	40,011,200	45,209,464	39,143,262	54,413,000	20	56,155,750	60,806,230
TOTAL OPERATING EXPENDITURE (A)	88,550,453	89,834,016	94,747,927	142,988,522	146,000,706	130,858,186	169,928,374	16	180,888,605	195,633,023
CAPITAL EXPENDITURE										
General Capital	1,670,987	2,806,515	1,711,217	6,811,000	5,261,000	2,864,769	4,104,200	-22	1,053,433	1,141,219
Grants and Subsidies Capital(Recognised)	0	0	0	0	1,030,000	950,769	1,200,000	17	0	0
Grants and Subsidies Capital (Transfer)										
Roads and Storm water	1,825,654	18,607,232	1,607,530	9,350,000	13,650,000	10,938,462	400,000	-97	0	0
Water Management	5,158,118	7,736,947	310,668	16,000,000	18,400,000	16,984,615	10,050,000	-45	0	0
Waste Water Management (Sanitation)	5,471,191	1,287,094	0	0	500,000	461,538	0	-100	0	0
Waste Management (Disposal)			497,079	8,530,000	6,660,000	1,384,615	900,000	-86	0	0
Electricity	2,846,468	3,489,084	1,929,500	3,470,000	8,470,000	7,384,615	5,200,000	-39	0	0
Community and Social Services	19,690,921	11,914,867	5,725,564	27,658,057	36,058,057	25,093,883	62,442,000	73	0	0
Total Grants & Subsidies Capital(Transf)	34,992,352	43,035,224	10,070,341	65,008,057	83,738,057	62,247,729	78,992,000	-6	0	0
TOTAL CAPITAL EXPENDITURE (B)	36,663,339	45,841,739	11,781,558	71,819,057	90,029,057	66,063,268	84,296,200	-6	1,053,433	1,141,219
TOTAL EXPENDITURE (A + B)	125,213,792	135,675,755	106,529,485	214,807,579	236,029,763	196,921,453	254,224,574	8	181,942,039	196,774,242
OPERATING REVENUE										
RSC Levies	0	0	0	0	0	0	0	-	0	0
Rent on Facilities	39,099	28,206	0	0	0	0	0		0	0
Interest Earned - External Investments	14,239,493	15,635,020	11,340,354	10,300,000	10,300,000	10,300,000	12,600,000	22	12,250,000	10,800,000
Interest Earned - Outstanding Debtors	0	0	0	0	0	0	0	-	0	0
Grants and Subsidies Received	114,333,253	128,621,539	140,372,237	154,896,769	155,545,033	164,579,724	158,707,000	2	160,507,000	160,506,000
Other Revenue	555,393	4,092,151	66,845	13,810	945,810	945,810	125,000	-87	119,000	118,000
Transfer from Capital Replacem. Reserve	0	0	0	5,361,000	5,361,000	5,361,000	5,192,200	-3	0	0
Transfer from Surplus	0	0	0	44,236,000	63,877,920	63,877,920	77,600,374	21	30,000,000	25,000,000
TOTAL REVENUE FUNDS (C)	129,167,238	148,376,916	151,779,436	214,807,579	236,029,763	245,064,454	254,224,574	8	202,876,000	196,424,000
SURPLUS (C - A - B)	3,953,446	12,701,161	45,249,951	0	0	48,143,000	0		20,933,962	-350,242

	BUDGET	AS % TOTAL BUDGET	DESCRIPTION/PURPOSE
GRANTS AND SUBSIDIES OPERATING		%	
OFFICE OF DISTRICT ECONOMIC DEVELOPMENT	11,188,500	20.56	Economic Development(Service Delivery Operational Projects-Internal Funding)
DISASTER MANAGEMENT	19,915,500	36.60	(Internal Funding CCTV) & Condit Grant Funding (Administrative Capacity Building)
CORPORATE SERVICES	350,000	0.64	Conditional Grant Funding (Administrative Capacity Building)
OFFICE OF THE MAYOR	18,244,000	33.53	Community Development(Service Delivery Operational Projects-Internal Funding)
BUDGET AND TREASURY DEPARTMENT	2,250,000	4.14	Conditional Grant Funding (Administrative Capacity Building)
ENVIRONMENTAL HEALTH	575,000	1.06	Community Assistance (Indigent/Pauper Burials-Internal Funding)
OFFICE OF THE MUNICIPAL MANAGER	1,890,000	3.47	Community Development & Administrative Capacity Building (Internal Funding)
TOTAL	54,413,000	100	

	BUDGET	AS % TOTAL BUDGET	
GRANTS AND SUBSIDIES CAPITAL			
CAPITAL INFRASTRUCTURE PROJECTS	78,992,000		Infrastructure Development(Service Delivery Capital Projects-Internal Funding) Grants and Subsidies to Local municipalities
TOTAL	78,992,000		

	BUDGET	AS % TOTAL BUDGET	
TOTAL MUNICIPAL BUDGET			
Administration Operational Budget	133,005,374	52.32	General Offices Administration Operational Expenses
Administration Capital Budget	5,304,200	2.09	General Offices Administarion Capital Expenses
Service Delivery Operational Budget (Economic & Comm	36,923,000	14.52	Grants and Subsidies Operating (Economic and Community Developmet)
Service Delivery Capital Budget (Infrastructure Developm	78,992,000	31.07	Grants and Subsidies Capital (Infrastructure and Community Developmet)
TOTAL MUNICIPAL BUDGET	254,224,574	100	

	BUDGET	AS % TOTAL BUDGET	
TOTAL MUNICIPAL BUDGET			
Administration Operational Budget	133,005,374	53%	General Offices Administration Operational Expenses
Administration Capital Budget	5,304,200	2%	General Offices Administration Capital Expenses
Service Delivery Operational Budget	36,923,000	14.60%	Grants and Subsidies Operating (Economic and Community Development)
Service Delivery Capital Budget	78,992,000	30.70%	Grants and Subsidies Capital (Infrastructure Development)
TOTAL MUNICIPAL BUDGET	254,224,574		



Dr KENNETH KAUNDA DISTRICT MUNICIPALITY

SCHEDULE 4 REVENUE BY SOURCE	2009/2010	CURRENT YEAR 2010/2011			MEDIUM TERM CAPITAL EXPENDITURE			
	AUDITED ACTUAL	APPROVED BUDGET	ADJUSTED BUDGET	FORECAST BUDGET	2011/2012 BUDGET	GROWTH	2012/2013 BUDGET	2013/2014 BUDGET
<u>Revenue by Source</u>								
Rental of facilities and equipment								
Interest Earned Current Account	1,055,628	550,000	550,000	550,000	600,000	8	750,000	800,000
Interest Earned Investments	10,284,726	9,750,000	9,750,000	9,750,000	12,000,000	19	11,500,000	10,000,000
Backlog of Sannitation&Water @Schools&Clinics	3,308,675	320,000	320,000	4,127,000	0			
Fire Support Programme Grant	7,584,823	0	0	7,500,000	0	0	0	0
Disaster Management Grant(DMG)	2,030,581	3,557,521	3,557,521	1,600,000	2,338,000	0	2,338,000	2,337,000
Equitable share(EQS)	6,289,292	21,696,000	21,696,000	21,696,000	26,218,000	17	21,642,000	21,642,000
Financial Management Grant(FMG)	0	1,000,000	1,000,000	1,000,000	1,250,000	20	1,250,000	1,250,000
Municipal Systems Improvement Grant(MSIG)	1,300,000	1,000,000	1,000,000	1,000,000	790,000	-27	1,000,000	1,000,000
RSC Replacement Grant(RLRG)	119,858,866	126,231,000	126,231,000	126,231,000	127,404,000	1	133,927,000	133,927,000
Anonymous Receipts	0	110	110	110	5,000	98	4,000	3,000
Insurance Claims	0	0	84,000	84,000	0		0	0
Financial Management Grant(FMG)Roll-over	0	0	648,264	648,264	0	0	0	0
Garnishee Orders	17,419	8,200	16,200	16,200	20,000		15,000	15,000
Tender Deposits	0	0	140,000	140,000	0		0	0
LG Seta Mandatory Grant	0	250,000	250,000	0	350,000		350,000	350,000
Two Roomed Clinics	0	442,248	442,248	408,229	357,000		0	0
Sundry Income	49,426	5,500	705,500	705,500	100,000		100,000	100,000
Premier Support Grant (Refilwe Projects)	0	400,000	400,000	369,231	0		0	0
Transfer from CRR	0	5,361,000	5,361,000	5,361,000	5,192,200		0	0
Transfer from Surplus	0	44,236,000	63,877,920	63,877,920	77,600,374		30,000,000	25,000,000
Total Revenue By Source	151,779,436	214,807,579	236,029,763	245,064,454	254,224,574	7	202,876,000	196,424,000

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DR KENNETH KAUNDA DISTRICT MUNICIPALITY

EXECUTIVE SUMMARY

The annual budget for 2011/2012 budget year is to give effect to Dr Kenneth Kaunda District Municipality's service delivery policies and objectives, thereby fulfilling the the needs as depicted in the Integrated Development Plan.

The 2011/2012 budget for Infrastructure Development is linked to the Integrated Development Plan of Dr Kenneth Kaunda District municipality as consolidated with those of the local municipalities with the Dr Kenneth Kaunda District municipality.

The Service Delivery and Budget Implementation Plan as the primary monitoring tool for budget implementation and monitoring by the municipal manager and senior managers give effect to those Projects of the Integrated Development Plan which have been identified by the communities of Maquassi Hills, Tlokwe, Matlosana and Ventersdorp and approved by the municipal councils of those municipalities as their needs priorities for the current annual budget of 2011/2012.

As the municipalities have scarce resources(funding) only the most important targets projects in the Integrated Development Plan have been identified and prioritised over others as it is highly unlikely that everything important in the Integrated Development Plan can be accommodated in a single year annual budget.

The current budget of 2011/2012 allocates the surplus from the budget to the following infrastructure capital projects for roads and stormwater, water management, waste management, electricity, community and social services respectively.

The above capital budget allocations are in line with National, Provincial local guiding priorities of protecting the poor, creating employment, investing in infrastructure and ensuring fiscal stability.

The allocation on community and social services is to address and create employment through community projects.

The allocation on water management is to further address full access to basic water services and the fulfillment of National government priority of all citizens to have access to basic water services by the year 2014.

The allocation on electricity is to give rural communities access to electricity services and also addressing rural development strategic goals for addressing service delivery backlogs in most rural areas.

EXECUTIVE SUMMARY

The allocation on grants and subsidies operating as depicted in the summary totals is made up of District Economic Development, Office of the Executive Mayor, Office of the Speaker and Disaster Management Department, the allocation which totals to R 49 631 000.00 for the current budget year 2011/2012 executive summary.

Operating grants and subsidies for District Economic Development and Tourism are for the SMME's and cooperatives development awareness and the need to invest in sustainable social and economic development.

It is against this background that financial and technical support to Small Medium and Micro Enterprises and Cooperatives is an integral part of the Dr Kenneth Kaunda District Municipality's Local Economic Development strategy. The District is therefore supporting community based initiatives through conditional grants for viable business plans.

This will support a meaningful District Economic Development initiatives that foster micro and small business opportunities and job creation.

The objectives of DED the grants funding is to bring in new category of entrepreneurs presently constrained by limited access to funding, to broaden access through new funding, flexible instruments and leverage with selected partners thus providing the tools with which to share in the growing South African economy, to introduce flexibility in services delivery and accommodate the special circumstances of women owned and run enterprises both as regards funding range and type of facility offered.

The operating grants for the Office of the Speaker is for community participation mobile offices for Maquassi Hills and Venterdorp Local municipalities respectively.

Every year the Office of the Executive Mayor awards study bursaries to deserving students within the Dr Kenneth Kaunda District Municipality. This assistance is for the students to study further at tertiary institutions within the Republic of South Africa.

There is a portion allocated as grants and subsidies operating for this purpose in the Office of the Executive Mayor's Grants and Subsidies budget.

The other portion is for other community projects which deals with unique challenges such as children, elderly, youth, women and war on poverty, by further protecting the poor from the worst impact of the economic downturn.

BUDGET PROCESS OVERVIEW

ANNUAL BUDGET PREPARATION PROCESS

The budget preparation process was compiled in line with the time schedule of budget preparation key deadlines as tabled by the municipal council 10 months before the beginning of the current budget preparation.

The schedule outlines the preparation, tabling and approval of the budget, including IDP review and consultation process. The current budget preparation process was driven by the budget steering committee as established by the Mayor.

The IDP of Dr Kenneth Kaunda District Municipality was reviewed in line with The Integrated Development Plans of the local Municipalities of Matlosana, Tlokwe, Ventersdorp and Maquassi Hills.

The review process of the IDP was linked to that of local municipalities within the Dr Kenneth Kaunda District Municipality.

The draft budget of Dr Kenneth Kaunda District Municipality to be tabled before 31 March 2011, at least 90 days before the start of the budgeted financial year.

The process for the budget preparation and IDP review were combined in the same process.

The budget for 2010/2011 budget year was published and placed in designated public institutions and distributed to the local municipalities within the district for comments and submission of the views.

The tabled budget to be submitted to both Provincial and National Treasuries to solicit their views and recommendation regarding the tabled budget for 2011/2012.

DR KENNETH KAUNDA DISTRICT MUNICIPALITY - DC40

TIMED SCHEDULE OF KEY DEADLINES AS APPROVED BY THE MUNICIPAL COUNCIL 2011/2012 BUDGET YEAR

MONTH	DUTIES MAYOR AND COUNCIL	DUTIES ADMINISTRATION
July	Mayor to begin planning and co-ordinating for the next three year budget. MFMA Sec. 53	Accounting officer and senior officials of a municipality begin planning for the next three year budget. MFMA Sec. 68,77 No contracts exist for service delivery.
August	Mayor tables in Council a time schedule outlining key deadlines for preparing, tabling and approving the budget, reviewing the IDP and budget related policies and consultation process at least 10 months before the start of budget year. MFMA Sec.21,22,23 MSA Sec. 34, Ch 4 as amended	
January		Accounting Officer reviews proposed National and Provincial allocations to municipality for incorporation into the draft budget for tabling. MFMA Sec.36
February		Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report. Accounting Officer to notify relevant municipalities of projected allocations for next 3 yrs 120 days prior to start of a budget year. MFMA Sec.42

DR KENNETH KAUNDA DISTRICT MUNICIPALITY - DC40

TIME SCHEDULE OF KEY DEADLINES AS APPROVED BY THE MUNICIPAL COUNCIL 2011/2012 BUDGET YEAR

MONTH	DUTIES MAYOR AND COUNCIL	DUTIES ADMINISTRATION
March	Mayor tables municipality budget, resolutions, plans and proposed revisions to IDP at least 90 days before the start of the budget year. MFMA Sec. 16,22,23,87 ; MSA Sec. 34	Accounting Officer publishes tabled budget, plans and proposed revisions to IDP, invites the local community to comment and submits to NT, PT and other stakeholders. MFMA Sec.22&37 MSA Ch 4
April		Accounting Officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results of the third quarterly review of the current year.
May	Public hearings on the budget, and council debate. Council considers views of the local community, NT, PT Mayor to be provided with an opportunity to respond to submissions during consultations and table amendments for council consideration. Council consider approval of the budget and plans at least 30 days before the start of the budget year. MFMA Sec. 23,24 MSA Ch 4 as amended.	Accounting Officer assist the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature.
June	Council approve annual budget by resolution, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by revenue source and expenditure by vote before start of budget year. MFMA Sec.16,24,26,53 Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with Sec. 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The Mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval. MFMA Sec.53; MSA Sec. 38-45,57(2)	Accounting Officer submits to the Mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by Sec. 57(1) (b) of the MSA.

Abbreviations : **MFMA**-Municipal Management Act, No. 56 of 2003; **MSA**-Municipal Systems Act, No. 32 of 2000 as amend
SDBIP- Service Delivery and Budget Implementation Plan; **IDP**-Integrated Development Plan.

DR KENNETH KAUNDA DISTRICT MUNICIPALITY**ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN**

The alignment of the budget with the Integrated Development Plan is the process which entails the review of the Integrated Development Plan for the new budget year.

The review of the Integrated Development Plan will inform the budget about which projects in the five year Integrated Development Plan will be included in the current budget for implementation as the Integrated Development Plan needs to be approved in line with the budget.

The following projects were identified from the Integrated Development Plan and funded in the current budget year 2011/2012 from the budget surplus as communicated and agreed to with the local municipalities of Tlokwe, Ventersdorp, Matlosana and Maquassi Hills.

LOCAL MUNICIPALITY	INFRASTRUCTURE PROJECT DESCRIPTION	ALLOCATION
TLOKWE	Infrastructure Projects in Progress from 2010/2011 Budget	R 0.00
	Infrastructure Projects New Allocation 2011/2012 Budget	15,000,000.00
TOTAL		15,000,000.00
VENTERSDORP	Infrastructure Projects in Progress from 2010/2011 Budget	
	Ext.6 Ventersdorp Township Establishment	1,000,000.00
	Ventersdorp Rural Roads Regravelling	400,000.00
	Boikhutsong Water Network Reticulation	100,000.00
	Tsetse Water Network Reticulation	50,000.00
	Goedgevonden Water Network Reticulation	200,000.00
	Appeldraai Water Supply	300,000.00
	Registration Solid Waste Ventersdorp	900,000.00
	Tshing Street Lights Ventersdorp	1,700,000.00
	Appeldraai Solar Lighting Ventersdorp	2,700,000.00
	Infrastructure Projects New Allocation 2011/2012 Budget	10,000,000.00
TOTAL		17,350,000.00

DR KENNETH KAUNDA DISTRICT MUNICIPALITY

LOCAL MUNICIPALITY	INFRASTRUCTURE PROJECT DESCRIPTION	ALLOCATION
MATLOSANA	Infrastructure Projects in Progress from 2010/2011 Budget	
	Wolwerand Water and Sannitation	150,000.00
	Khuma 10MI Reservoir Upgrade	8,000,000.00
	Infrastructure Projects New Allocation 2011/2012 Budget	20,000,000.00
TOTAL		28,150,000.00
MAQUASSI HILLS	Infrastructure Projects in Progress from 2010/2011 Budget	
	Construction Community Halls Maquassi Hills	5,450,000.00
	Waste Collection Trucks Maquassi Hills	650,000.00
	Oersonskraal and Boskuil Water Augmentation	250,000.00
	Boskuil Refurbishment of Electricity Network	800,000.00
	Infrastructure Projects New Allocation 2011/2012 Budget	7,900,000.00
TOTAL		15,050,000.00
GRAND TOTAL		75,550,000.00

DR KENNETH KAUNDA DISTRICT MUNICIPALITY**BUDGET RELATED POLICIES**

The following reviewed budget related policies are listed for consideration.

1. Subsistence, Accommodation and Travelling Allowance Policy.
2. Asset Management Policy
3. Municipal Investment Policy
4. Supply Chain Management Policy
5. Cellphone Allowance Policy
6. Procurement Policy
7. Transfer of Allocations Reporting Policy
8. Cellphone Allowance for designated Officials Policy
9. Budget Policy

DR KENNETH KAUNDA DISTRICT MUNICIPALITY**BUDGET ASSUMPTIONS 2011/2012 BUDGET**

1. The Upper Limit Remuneration, Allowances and benefits of members of municipal council for 201/2012 budget year is provided on inflation related rate and as per Remuneration of Public Office Beares Regulation, Act & Guidelines as published by the Minister of Local Government from time to time.
2. The Salaries, Allowances and related benefits of Personnel for 2011/2012 budget financial year are provided at estimated inflation rate plus 2% as per agreement between employee unions and South African Local Government Association (SALGA). Other expenditure has been provided at increase as per infation estimated targets and needs analysis.
3. The budget related policies that have been reviewed, revised/amended are included as part of the budget document and those that have been only reviewed are listed for considerstion.
4. All revenue from grants and subsidy have been budget as per Division of Revenue Act Allocation including estimates for the two outer years. Other conditional grants as per Provincial Gazzette allocation schedule.
5. The current budget has been prepared in accordance with Municipal Budget and Reporting Regulations.

DR KENNETH KAUNDA DISTRICT MUNICIPALITY

OVERVIEW OF BUDGET FUNDING

The total revenue of Dr Kenneth Kaunda District Municipality for the budget year 2011/2012 is R 254 224 574 - 00.

The budget is primarily funded from government grants and subsidies which forms a major portion of sources of revenue at % of total revenue, since the abolishment of Reginal Services Council Levies.

The operating expenditure and portion of capital expenditure are funded from government grants and subsidies while the general capital portion is from Capital Replacement Reserve.

The other grants are conditional grants for specific purposes as outlined in the Division of Revenue Act, Nr 1 of 2010, any unspent portion of a conditional grant as at the end of the financial year revert to the National Treasury.

As the non-conditional grants are transferred on quaterly basis, the portion that is not need immediately is invested on a short term fixed deposit with four main financial institutions in order to earn interest.

The following sources of revenue forms part of revenue as a percentage of total revenue :

Interest earned external investments	4.96%
Grants and Subsidies Received	62.43%
Other Revenue	0.05%
Capital Replacement Reserve	2.06%
Transfer from Surplus	30.53%

GRANT ALLOCATIONS TO LOCAL MUNICIPALITIES 2011/2012 BUDGET

The allocations are made on condition that the projects are in line with the Integrated Development Plan of the local municipalities as aligned with the Dr Kenneth Kaunda's Integrated Development Plan and also to avoid duplication of implementation and Budgeting.

The proposed projects are approved by the relevant local municipality's council or by the District municipality's council if part of the original IDP, any changes to the approved budgeted projects will only be effected through the municipality's council resolution subject to the municipality's delegation to the Mayor regarding approval of such changes.

The capital projects allocations by Dr Kenneth Kaunda District Municipality to local municipalities are implemented by the Dr Kenneth Kaunda district municipality on behalf of local municipalities for monitoring purposes as no funds are directly transferred to the local municipalities.

The transfer to the local municipalities will only be effected in the form of the completed asset handover to the local municipalities.

The following allocations as confirmed and presented by the technical and IDP departments of Dr Kenneth Kaunda District municipality are made to the following local municipalities to be implemented by the Dr Kenneth Kaunda District Municipality on behalf of local municipalities.

LOCAL MUNICIPALITY	INFRASTRUCTURE PROJECT DESCRIPTION	ALLOCATION
TLOKWE		R
	Infrastructure Projects in Progress from 2010/2011 Budget	0.00
	Infrastructure Projects New Allocation 2011/2012 Budget	15,000,000.00
TOTAL		15,000,000.00
VENTERSDORP	Infrastructure Projects in Progress from 2010/2011 Budget	
	Ext.6 Ventersdorp Township Establishment	1,000,000.00
	Ventersdorp Rural Roads Regravelling	400,000.00
	Boikhutsong Water Network Reticulation	100,000.00
	Tsetse Water Network Reticulation	50,000.00
	Goedgevonden Water Network Reticulation	200,000.00
	Appeldraai Water Supply	300,000.00
	Registration Solid Waste Ventersdorp	900,000.00
	Tshing Street Lights Ventersdorp	1,700,000.00
	Appeldraai Solar Lighting Ventersdorp	2,700,000.00
	Infrastructure Projects New Allocation 2011/2012 Budget	10,000,000.00
TOTAL		17,350,000.00

LOCAL MUNICIPALITY	INFRASTRUCTURE PROJECT DESCRIPTION	ALLOCATION
MATLOSANA	Infrastructure Projects in Progress from 2010/2011 Budget	
	Wolwerand Water and Sannitation	150,000.00
	Khuma 10MI Reservoir Upgrade	8,000,000.00
	Infrastructure Projects New Allocation 2011/2012 Budget	20,000,000.00
TOTAL		28,150,000.00
MAQUASSI HILLS	Infrastructure Projects in Progress from 2010/2011 Budget	
	Construction Community Halls Maquassi Hills	2,000,000.00
	Waste Collection Trucks Maquassi Hills	650,000.00
	Oersonskraal and Boskuil Water Augmentation	250,000.00
	Boskuil Refurbishment of Electricity Network	800,000.00
	Infrastructure Projects New Allocation 2011/2012 Budget	10,000,000.00
TOTAL		13,700,000.00
GRAND TOTAL		74,200,000.00

CERTIFICATE

I **S K Sebolai**, acting municipal manager of **Dr Kenneth Kaunda District Municipality**, hereby certify that the annual budget and supporting documentation has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

S. K. SEBOLAI

Municipal Manager (Dr Kenneth Kaunda District Municipality - DC 40)

Hebol AT.

Signature

06.05.2011

Date